

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

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EB-08 TRSE-00 OMB-01 AGRE-00 COME-00 STR-04 /072 W

-----051252 042093 /11

R 051130Z MAR 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 2077

C O N F I D E N T I A L SECTION 1 OF 2 KINSHASA 1885

E.O. 11652: GDS

TAGS: CG, ECON, PGOV, PDEV

SUBJECT: RECENT GOVERNMENT CHANGES: THE ROLE OF FRAUD AND
CORRUPTION

REF: A) KINSHASA B) KINSHASA 1631

1. THE REASONS AND TACTICS BEHIND THE RECENT GOVERNMENT CHANGES ARE COMPLEX AND INDEED FOR THE MOST PART UNCLEAR TO US. WE WILL ENDEAVOR TO PUT MOBUTU'S MOVES INTO PERSPECTIVE, BUT IN THE MEAN-TIME WE THOUGHT IT USEFUL TO POINT OUT ONE ASPECT OF THE PUZZLE-- THAT OF ALLEGED FRAUD AND CORRUPTION -- WHICH IMPACTS ON THE FATE OF BISENGIMANA:

2. THE MISSING DIAMONDS. THE ANGLO SOUTH AFRICAN SUBSIDIARY BRITMOND HAS A CONTRACT TO GRADE AND MARKET ZAIRE'S INDUSTRIAL AND GEM DIAMOND PRODUCTION. THEY NORMALLY RECEIVE A MONTHLY PACKAGE OF BOTH INDUSTRIAL AND GEM DIAMONDS VALUED AT \$2-3 MILLION. HOWEVER, THE MONTHLY PACKAGE FOR JANUARY WAS NOT DELIVERED. ALTHOUGH BISENGIMANA DENIED TO A BRITMOND REPRESENTATIVE THAT HE HAD ANY KNOWLEDGE OF THE DIVERSION OF DIAMOND SALES, IT WAS LATER RELIABLY ASCERTAINED THAT BISENGIMANA'S STAFF ASSISTANT BANGULI HAD INSTRUCTED THE DIAMONDPRODUCTION COMPANY TO DELIVER THE DIAMONDS TO THE STATE OWNED COMPANY SOZACOM FOR MARKETING.SOZACOM DELEGATE GENERAL LATER ADMITTED
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THIS TO BRITMOND REPRESENTATIVES AND STATED THAT SOZACOM WOULD CONTINUE TO MARKET DIAMONDS IN THE FUTURE DESPITE THE CONTRACT WITH BRITMOND.

3. THE FOREIGN BANK ACCOUNT. AFTER URGING FROM GOVERNOR SAMBWA, PRESIDENT MOBUTU ISSUED AN ORDER IN LATE DECEMBER INSTRUCTING SOZACOM TO REPATRIATE ITS FOREIGN BANK ACCOUNT

WHICH ALLEGEDLY TOTALED \$2 MILLION. REPORTEDLY, SAMBWA OBTAINED INFORMATION ABOUT THIS ACCOUNT FROM A BANKING SUBSIDIARY OF THE BELGIAN CORPORATE GIANT SGB WHICH FINANCES ZAIRE'S ECONOMY BY ADVANCING 70 PERCENT OF ANTICIPATED COPPER SALES WHEN THE COPPER IS EXPORTED FROM ZAIRE. REPORTEDLY, BISENGIMANA WAS FURIOUS AT THE ORDER FOR THE CLOSURE OF SOZACOM'S FOREIGN BANK ACCOUNT AND INSTRUCTED THE SOZACOM DELEGATE GENERAL, A PROTEGE OF BISENGIMANA'S, TO TRANSFER THE ACCOUNT FROM THE SGB'S BANKING SUBSIDIARY. SAMBWA THEN POINTED OUT THE ECONOMIC FACTS OF LIFE TO MOBUTU I.E. THAT THE ZAIRIAN ECONOMY WOULD COLLAPSE WITHOUT THE ADVANCE CREDIT FROM SGB, WHEREUPON MOBUTU FIRED SOZACOM'S DELEGATE GENERAL.

4. THE COFFEE SCANDAL. ALLEGEDLY A NUMBER OF PROMINENT ZAIRIANS HAVE PROFITED GREATLY FROM THE MARKED INCREASE IN THE PRICE OF COFFEE DURING THE LAST YEAR. ONLY THE NATIONAL COFFEE OFFICE AND A RELATIVELY FEW NUMBER OF ZAIRIANS ARE LEGALLY PERMITTED TO EXPORT COFFEE. CONSEQUENTLY, A COFFEE EXPORT LICENSE HAS BECOME AN EXTREMELY VALUABLE COMMODITY. FURTHERMORE, ACCORDING TO GOVERNOR SAMBWA, ENORMOUS PROFITS WERE MADE BY CERTAIN INDIVIDUALS WHO FALSELY CLAIMED THAT THEIR COFFEE EXPORTS WERE COVERED BY PREVIOUSLY NEGOTIATED CONTRACTS WHICH WERE MADE AT FAR LOWER THAN THE PRESENT PRICE. SAMBWA CLAIMED THAT THEY WERE REALLY NEW CONTRACTS AND THE EXPORTERS WERE DEPOSITING THE DIFFERENCE ABROAD. CONSEQUENTLY, THE CENTRAL BANK HAD ALL CONTRACTS REVIEWED AND NOW POSTS A WEEKLY MINIMUM PRICE FOR COFFEE EXPORTS. NEVERTHELESS, THE MINIMUM PRICE IS SUFFICIENTLY LOWER THAN THE INTERNATIONAL PRICE SO AS TO PERMIT A HANDSOME PROFIT
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IN FOREIGN EXCHANGE.

5. RECENTLY SIX INDIVIDUALS, INCLUDING A PORTUGUESE BUSINESSMAN AND A LOCAL BRITISH ENTREPRENEUR, THE NUMBER TWO MAN AT THE NATIONAL COFFEE OFFICE AND MAMA MOBUTU'S BUSINESS MANAGER, HAVE ALL BEEN ARRESTED. NO FORMAL CHARGES HAVE BEEN PLACED AGAINST THEM AND THEIR AMERICAN ATTORNEYS WERE NOT EVEN PERMITTED TO ATTEND THE HEARINGS FOR THEIR PORTUGUESE AND BRITISH CLIENTS. THE AMERICAN ATTORNEYS TELL US THEY BELIEVE THAT THEIR CLIENTS OPERATED STRICTLY WITHIN THE ZAIRIAN LAW IN THEIR PLANS TO EXPORT COFFEE. THEY OBTAINED PERMISSION TO EXPORT USING THE LICENSE OF MAMA MOBUTU'S BUSINESS MANAGER, REPORTEDLY WITHOUT HER KNOWLEDGE. ALLEGEDLY, MONEY FOR THE PURCHASE OF THE COFFEE WAS PROVIDED BY BISENGIMANA. WHEN THE PORTUGUESE WAS ARRESTED, HE INSTRUCTED THE POLICE TO CONTACT BISENGIMANA'S STAFF ASSISTANT BANGULI WHO NOW TOO IS IN JAIL. FACTS OF THIS COFFEE SCANDAL ARE EXTREMELY MURKY BUT PROMINENT

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C O N F I D E N T I A L SECTION 2 OF 2 KINSHASA 1885

PEOPLE INCLUDING BISENGIMANA, AT LEAST BY IMPLICATION, ARE INVOLVED.

6. COMMENT: WHILE THESE POTENTIAL SCANDALS HAVE NOT RECEIVED PUBLICITY IN THE PRESS, THEY HAVE BEEN WIDELY DISCUSSED IN GOVERNMENT CIRCLES. FURTHERMORE, RUMORS OF THE COFFEE AFFAIR ARE HEARD THROUGHOUT KINSHASA, AND CITIZENS DAILY COMPLAIN OF CORRUPTION IN HIGH PLACES. THUS, WHEN MOBUTU SET BISENGIMANA ASIDE AND REPLACED NINE MEMBERS OF THE NATIONAL EXECUTIVE COUNCIL, THE KINSHASA PRESS CALLED THE CHANGE A HOUSECLEANING AND THE REBIRTH OF PRODUCTIVITY IN GOVERNMENT. SALONGO (FEBRUARY 24) RECALLED THE PRESIDENT'S DECEMBER SPEECH IN WHICH HE HAD DECRIED POLITICAL HYPOCRACY AND INACTIVITY ON THE PART OF GOVERNMENT OFFICIALS. ELIMA (FEBRUARY 25) WAS MORE TO THE POINT AND STATED THAT THE REORGANIZATION WOULD "STOP A FORM OF ANARCHY WHICH CERTAIN OFFICIALS HAD WORKED TO PROMOTE". THESE OFFICIALS, ACCORDING TO ELIMA, WERE GUILTY OF "LACK OF CONSCIENCE, IRRESPONSIBILITY, BAD FAITH, AND A SCANDALOUS PROPENSITY FOR CORRUPTION AND BUSINESS INTRIGUE".

7. WHILE BISENGIMANA WAS PUBLICLY PRAISED IN ELIMA FOR HIS QUALITIES OF ORGANIZATION, MOST ALERT READERS CLEARLY SAW THE IMPLIED LINKAGE BETWEEN "CORRUPTION AND BUSINESS INTRIGUE" AND BISENGIMANA. IT IS ASSUMED BY MANY POLITICAL OBSERVERS HERE THAT BISENGIMANA COULD ONLY HAVE MANAGED HIS EXTRA-
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LEGAL AFFAIRS WITH THE TACIT OR DIRECT UNDERSTANDING OF THE

PRESIDENT. THUS (THEY SAY) AS THE ECONOMY SOURED AND AS
BISENGIMANA'S REPUTATION FOR CORRUPTION SPREAD, THE PRESIDENT
CONCLUDED THAT HE MUST SEPARATE HIMSELF FROM HIS OFFICE
DIRECTOR OR EVENTUALLY BE IMPLICATED WITH HIM.
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Message Attributes

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